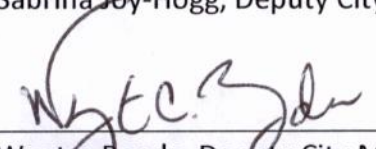


**To the Honorable Council
City of Norfolk, Virginia**

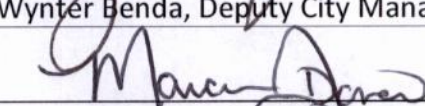
May 17, 2016

From: Sabrina Joy-Hogg, Deputy City Manager

Subject: FY 2017 Operating Budget Ordinance

Reviewed: 
Wynter Benda, Deputy City Manager

Ward/Superward: Citywide

Approved: 
Marcus D. Jones, City Manager

Item Number:

R-1

I. **Recommendation:** Adopt Ordinance

II. **Applicant:** City of Norfolk

III. **Description:**

This agenda item includes an ordinance to approve and authorize the Fiscal Year (FY) 2017 operating financial plan for the city. The following table provides a breakdown of the operating plan by funds.

Fiscal Year 2017 Financial Plan	
Fund	Budget
General Fund	\$835,042,352
Enterprise Funds	\$138,036,398
Special Revenue Funds	\$63,120,099
Internal Service Funds	\$101,476,600
Total Operating Funds	\$1,137,675,449
Annual Plan for Housing and Urban Development (HUD) Block Grants	\$6,338,317
Total Financial Plan	\$1,144,013,766

IV. **Analysis**

This ordinance distributes General Fund and other operating funds in accordance with the City Manager's Proposed Budget presented on April 12, 2016 and subsequent City Council amendments from the budget worksessions, which include the following:

City Manager's Proposed Budget:

1. Continues the implementation of the three-year Attraction, Retention, Motivation and Development (ARMD) Initiative to attract and retain qualified employees which:
 - Provides General and Constitutional employees with a two percent salary increase in January 2017.

- Redesigns a competitive compensation plan for sworn Police and Fire-Rescue Employees.
 - Provides a step increase for sworn Sheriff employees.
 - Aligns the city's permanent employee living wage with the revised federal poverty level for a family of four.
2. Provides a one-time supplement of \$380 to eligible retirees whose retirement income is below \$30,000.
 3. Increases the city's commitment to schools by dedicating an additional \$1.5 million for the local share of the state salary increase and \$1.0 million in operating support.
 4. Increases the Cigarette Tax by \$0.05 cents per pack of 20 cigarettes to support Economic Development Initiatives.
 5. Creates a multi-disciplinary Office of Resilience to help prepare the city for climate change, create economic opportunity, and strengthen neighborhoods.
 6. Targets federal Housing and Urban Development funds to support low income housing, revitalize neighborhoods, and improve public spaces.
 7. Establishes a technology zone to encourage the growth of qualifying technology businesses by providing business license tax reduction for up to five calendar years.
 8. Continues support of the FY 2017 Community Development Block Grant program (CDBG), HOME Investment Partnership program (HOME) and the Emergency Solutions Grant program (ESG):

FY 2017 Annual Plan for HUD Block Grants	
Program	Budget
CDBG	\$5,073,948
HOME	\$916,076
ESG	\$348,293
Total	\$6,338,317

City Council Amendments:

- The retiree supplement was changed to a \$380 bonus for certain eligible retirees with an annual benefit below \$30,000 to be supported by \$600,000 from the General Fund.
- An additional \$1.0 million was provided to Norfolk Public Schools (NPS) for operation support.

- NPS identified an additional \$2.0 million in FY 2016 savings and \$670,352 of additional Commonwealth support related to revised Average Daily Membership (ADM).
- \$2.0 million of Public Amenities Fund will be used to support certain capital projects.

V. Financial Impact

The financial plan totals \$1,144,013,766 from all sources and meets the Norfolk City Charter requirements for a balanced budget. See the above Analysis section for more detail.

VI. Environmental

The FY 2017 Budget supports the City Council priority of Environmental Sustainability.

VII. Community Outreach/Notification

Pursuant to the Code of Virginia and Norfolk City Charter, this agenda item requires a public hearing. As such, a public hearing notice was published in *The Virginian-Pilot* on April 20, 2016 and the public hearing was held on May 4, 2016.

VIII. Board/Commission Action

N/A

IX. Coordination/Outreach

This letter has been coordinated with the Office of Budget and Strategic Planning and the City Attorney's Office.

Supporting documentation from the Office of Budget and Strategic Planning:

- Ordinance

Form and Correctness Approved:

By Deputy City Attorney
Office of the City Attorney

Contents Approved:

By Sabrina J. Hogg
DEPT. Budget and Strategic Planning

NORFOLK, VIRGINIA

Pursuant to Section 72 of the City Charter, I hereby certify that the money required for this item is in the city treasury to the credit of the fund from which it is drawn and not appropriated for any other purpose.

\$6,338,317
\$ 1,137,675,449

HUD Account

Various

Account

5/12/16

Date

Christine M. Hogg
Director of Finance

ORDINANCE No.

AN ORDINANCE APPROPRIATING FUNDS FOR OPERATION OF THE CITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2016 AND ENDING JUNE 30, 2017, APPROPRIATING U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) ENTITLEMENT GRANTS, AUTHORIZING SHORT-TERM EQUIPMENT FINANCING, PROVIDING A SUPPLEMENT FOR CERTAIN ELIGIBLE RETIREES, INCREASING THE CIGARETTE TAX, ESTABLISHING TECHNOLOGY ZONES, PROVIDING FOR A BUSINESS LICENSE INCENTIVE FOR QUALIFIED TECHNOLOGY BUSINESSES AND REGULATING THE PAYMENT OF MONEY FROM THE CITY TREASURY.

- - -

WHEREAS, the City Manager submitted to the Council a proposed annual budget for the city for the fiscal year beginning July 1, 2016 and ending June 30, 2017, which has been amended by the Council, and it is necessary to make appropriations sufficient to fund said budget and to regulate the payment of money from the city treasury; now, therefore,

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1:- That the amounts shown herein aggregating Eight Hundred Thirty Five Million Forty Two Thousand Three Hundred Fifty Two Dollars (\$835,042,352) for the General Fund, Eighty Four Million Three Hundred Fifty Five Thousand Thirty One Dollars (\$84,355,031) for the Water Utility Fund, Thirty Million Eight Hundred Eight Thousand Two Hundred Ninety One Dollars

(\$30,808,291) for the Wastewater Utility Fund, Sixteen Million Five Hundred Twenty Eight Thousand Nine Hundred Sixty Six Dollars (\$16,528,966) for the Storm Water Utility Fund, One Hundred One Million Four Hundred Seventy Six Thousand Six Hundred Dollars (\$101,476,600) for the Internal Service Funds, Twenty Two Million Eight Hundred Seventy Three Thousand Seventy Six Dollars (\$22,873,076) for the Parking Facilities Fund, Two Million Ninety Three Thousand Two Hundred Sixteen Dollars (\$2,093,216) for the Cemetery Services Fund, Six Million One Hundred Eighty Eight Thousand Six Hundred Thirty Four Dollars (\$6,188,634) for the Emergency Preparedness and Response Fund, Fifteen Thousand Dollars (\$15,000) for the Golf Operations Fund, Twenty Two Million Six Hundred Seventy Five Thousand Six Hundred Seventy Nine Dollars (\$22,675,679) for the Waste Management Fund, Eight Million Three Hundred Sixty Five Thousand Dollars (\$8,365,000) for the Public Amenities Fund, Five Million Five Hundred Three Thousand Six Hundred Thirty Nine Dollars (\$5,503,639) for the Tax Increment Financing Fund, One Million Seven Hundred Forty Nine Thousand Nine Hundred Sixty Five Dollars (\$1,749,965) for the Towing and Recovery Operations Fund, or so much thereof as may be necessary, as set forth in the annual budget for the fiscal year July 1, 2016 - June 30, 2017, submitted by the City Manager and as amended by the Council and hereby adopted, are hereby appropriated, subject to the conditions hereinafter set forth in this ordinance, from the revenues of the city from all sources for the fiscal year July 1, 2016 - June 30, 2017, for the use of the several departments and funds established within the City Government, and for the purposes hereinafter set forth in said annual budget for the fiscal year July 1, 2016 - June 30, 2017 as follows:

Legislative	\$4,934,613
Executive	\$4,110,478
Department Of Law	\$4,499,892
Constitutional Officers	\$55,313,211
Judicial	\$1,304,721
Elections	\$895,986
Department of Communications and Technology	\$13,660,136
Department Of Finance	\$4,448,534

Department Of General Services	\$24,399,559
Department Of Human Resources	\$3,496,562
Department Of City Planning	\$4,962,151
Department Of Neighborhood Development	\$4,154,653
Department Of Economic Development	\$2,032,161
Norfolk Public Libraries	\$11,689,510
Department Of Cultural Facilities, Arts And Entertainment	\$5,703,491
Virginia Zoological Park	\$4,196,666
The National Maritime Center	\$5,043,780
Department Of Recreation, Parks And Open Space	\$17,379,157
Central and Outside Agency Appropriations	\$60,474,116
Norfolk Community Services Board	\$26,020,634
Office To End Homelessness	\$286,951
Department Of Public Health	\$3,468,419
Department Of Human Services	\$47,155,952
Department Of Police	\$68,500,916
Department Of Fire - Rescue	\$42,592,138
Department Of Public Works	\$26,702,280
Debt Service	\$65,747,190
Norfolk Public Schools	\$321,868,495
Total Appropriations General Fund - Operating Budget	\$835,042,352

Water Utility Fund	\$84,355,031
Wastewater Utility Fund	\$30,808,291
Parking Facilities Fund	\$22,873,076
Storm Water Utility Fund	\$16,528,966
Internal Service Funds	\$101,476,600
Cemetery Services Fund	\$2,093,216
Emergency Preparedness And Response Fund	\$6,188,634
Golf Operations Fund	\$15,000
Waste Management Fund	\$22,675,679
Public Amenities Fund	\$8,365,000
Tax Increment Financing Fund	\$5,503,639

Towing and Recovery Operations Fund	\$1,749,965
Total Operating Funds	\$1,137,675,449

Section 2:- That unless otherwise specified by Council, all taxes and fees heretofore levied shall continue from year to year.

Section 3:- That the salaries and wages set forth in detail in said annual budget, including for the City Manager, as amended, and for offices and positions which are not embraced within said compensation plan are hereby authorized.

The positions, except where the number thereof is not under the control of the Council, set forth in said annual budget, as amended, shall be the maximum number of positions authorized for the various departments, divisions, bureaus and funds of the city during the fiscal year July 1, 2016 - June 30, 2017 and the number may be changed during said fiscal year as authorized by the Council or City Manager.

Unless the city's compensation plan provides otherwise, changes in personnel occurring during said fiscal year in classifications embraced within the city's compensation plans shall be administered by the City Manager in accordance with the regulations for the administration of the plans.

In the event any personnel authorized in the preceding year's annual budget and appropriations are notified of release due to a reduction in force, reorganizations or workforce downsizing or the staffing and organization redesign effort, such positions are hereby authorized to continue in existence until such time as adopted procedures relating to reductions in force or work force downsizing, or the staffing and organizational redesign effort are completed and implemented in accordance with its terms and conditions. The City Manager is hereby authorized to continue all benefits and salaries throughout the period of employment from appropriated funds for the positions aforesaid, notwithstanding that said positions may or may not have been deleted in a department budget for the fiscal year July 1, 2016 - June 30, 2017.

The Council reserves the right to change at any time during said fiscal year the compensation, including pay supplements for constitutional officers, either before or after a change in basic salary is made by the State Compensation Board, and to abolish any office or position provided for in said annual budget, as amended, except such offices or positions as it may be prohibited by law from abolishing. The City Manager is authorized to make such rearrangements and reorganizations of positions and personnel services funds between the several departments, including funds named therein, as may best meet the uses and interests of the city.

No person shall acquire any vested interest in any supplement payable under this section beyond those actually paid.

Section 4:- That all payments from the appropriations provided for in this ordinance, including those from balances remaining on June 30, 2016, to the credit of appropriations for works, improvements or other objects which have not been completed or abandoned, except those works, improvements or other objects funded by Federal, State, or other organizational grants which are hereby encumbered, shall be made at such time as the City Manager may direct, unless otherwise specified by the Council. The City Manager is hereby authorized to apply for grants and awards during the fiscal year provided that adequate matching funds are in the budget.

Section 5:- That within several departments, funds and activities, there are hereby appropriated sufficient amounts to cover the operation of all Internal Service Funds, including the Healthcare and Fleet Management Funds. Charges for services assessed against said departments, funds and activities by the Internal Service Funds shall be accumulated in the appropriate internal service fund and expended to cover the operating costs of such funds as provided in the annual budget.

Any unexpended balances in the amounts appropriated for the Healthcare Fund at the close of business on June 30, 2016, shall not revert to the surplus of the Healthcare Fund, but shall be carried forward on the books of the Director of Finance and be available for expenditure in the succeeding year.

Section 6:- That the various amounts appropriated by this ordinance for the several groups, as set forth in the annual budget, as amended, are to be expended for the purposes designated by said groups, provided, however, that the City Manager or a designee may authorize the transfers between account groups within departments, funds or activities of the city and a record of such transfers shall be maintained by the Director of Finance.

The City Manager or designee is authorized to transfer from any department, fund or activity which has an excess of funds appropriated for its use of the balance of the fiscal year to any department, activity or fund all or any part of such excess, or to cause such transfers to be made, a record of all such transfers shall be maintained by the Director of Finance.

Any unexpended balances in the amounts appropriated for the Department of Public Works Street Construction and Maintenance Projects, Public Amenities Fund, Tourism Infrastructure Repair, Poverty Commission, Housing Trust Fund, and the Norfolk Consortium at the close of business on June 30, 2016 shall not revert to the surplus of the General Fund, but shall be carried forward on the books of the Director of Finance and be available for expenditure in the succeeding year.

There are hereby appropriated and authorized for expenditure the revenues from the fiscal year 2015 Five cent (\$0.05) cigarette tax increase and the fiscal year 2017 Five cent (\$0.05) cigarette tax increase for development initiatives. The City Manager is hereby authorized to expend and reserve for the purpose of business retention, feasibility analysis, and other economic development activities supported by the cigarette tax increases.

The City Manager shall provide to the City Council a mid-year budget update. Such mid-year budget update shall report the projected revenue and expenditure estimates for the entire fiscal year, receipt of unbudgeted revenues, and other major changes to the adopted budget.

There is hereby reserved in the General Fund Balance up to the amount of Forty Two Million Three Hundred Thirty Two Thousand Five Hundred Ninety One Dollars

(\$42,332,591) for the Unassigned General Fund Balance Reserve.

There is hereby reserved in the General Fund Balance the amount of Five Million Dollars (\$5,000,000) for the Risk Management Reserve.

There is hereby reserved in the General Fund Balance the amount of Five Million Dollars (\$5,000,000) for the Economic Downturn and Leveling Reserve.

There is hereby reserved in the General Fund Balance up to the amount of Five Million Three Hundred Sixty Seven Thousand Nine Hundred Sixty One Dollars (\$5,367,961) in the revolving fund for strategic land acquisitions to be expended for future land acquisitions. The City Manager is authorized to accept future deposits made to the Land Acquisition Fund during the fiscal year. Such deposits are hereby appropriated and authorized to be expended for future land acquisitions. Any unobligated appropriation in the Land Acquisition/Revolving Fund at the close of the fiscal year ending on June 30, 2016, is hereby reserved for the Land Acquisition/Revolving Fund to be expended for future strategic land acquisitions.

There is hereby appropriated and authorized for expenditure the revenues from the flat tax of Two Dollars (\$2.00) per room for each night of lodging at any hotel, if and when received, to: (1) Visit Norfolk (Norfolk Convention and Visitor Bureau) for visitor promotion and advertising for conventions and tourism; and (2) the Norfolk Consortium. Visit Norfolk shall be allocated fifty percent (50%) of the revenues collected each month from the flat tax of Two Dollars (\$2.00) per room of each night of lodging at any hotel during the fiscal year and the remaining fifty percent (50%) of the revenues collected each month shall be allocated and are authorized for expenditure by the Norfolk Consortium.

There is hereby appropriated and authorized for expenditure for the Parking Facilities Fund up to Three Million Eight Hundred Ten Thousand Two Hundred Ninety One Dollars (\$3,810,291) from the Parking Facilities Rate Stabilization Fund.

There is hereby authorized, in accordance with guidelines established by the City Manager, the execution

of warrants for the disbursement of any cash in banks credited to the City's Corporate Account to meet any properly authorized and approved payment chargeable to any account of the city.

Unless otherwise specified by any other provision of local, state or federal law, operating funds appropriated to Norfolk Public Schools that have not been expended or contractually obligated at the end of the fiscal year are deemed local dollars and shall revert to the city for re-appropriation by City Council.

There are hereby appropriated and authorized for expenditure the revenues from the fiscal year 2014 Two cent (\$0.02) real estate tax increase for the School Construction, Technology and Infrastructure Program. The City Manager is hereby authorized to expend and reserve the School Construction, Technology and Infrastructure Program supported by the dedicated Two cent (\$0.02) real estate tax increase to support the needs of Norfolk Public Schools. Any unexpended balances in the amounts appropriated shall not revert to the surplus of the General Fund, but solely be dedicated to the School Construction, Technology and Infrastructure Program and shall be carried forward on the books of the Director of Finance and appropriated and available for expenditure in the succeeding year.

Section 7:- That the FY 2017 Annual Plan, (Consolidated Plan Fiscal Years 2017-2021) for the Community Development Block Grant Program, HOME Investment Partnership Program and Emergency Solutions Grant Program, having been reviewed and found to be in the best interests of the city, is hereby approved.

Section 8:- That, if and when made available from the U.S. Department of Housing and Urban Development (HUD), the sum of up to Four Million One Hundred Thirty Five Thousand Nine Hundred Eighty Two Dollars (\$4,135,982) is hereby appropriated and authorized for expenditure for the Community Development Block Grant Program (2016-2017) from the Community Development Block Grant and when such funds are realized as earnings from the Revolving Loan Fund.

Section 9:- That the sum of Nine Hundred Thirty Seven Thousand Nine Hundred and Sixty Six Dollars (\$937,966) is hereby appropriated and authorized for

expenditure for the Community Development Block Grant Program (2016-2017) if and when such reprogrammed funds are made available from the remaining balances of certain identified Community Development Block Grant activities.

Section 10:- That, if and when made available from the U.S. Department of Housing and Urban Development (HUD), the sum of up to Nine Hundred Sixteen Thousand Seventy Six Dollars (\$916,076) is hereby appropriated and authorized for expenditure for the HOME Investment Partnership Program (2016-2017) from the HOME Investment Partnership Program Grant.

Section 11:- That, if and when made available from the U.S. Department of Housing and Urban Development (HUD), the sum of up to Three Hundred Forty Eight Thousand Two Hundred Ninety Three Dollars (\$348,293) is hereby appropriated and authorized for expenditure for the Emergency Solutions Program (2016-2017) from the Emergency Solutions Grant.

Section 12:- That the City Manager is designated as the certifying officer and authorized representative of the City of Norfolk and shall provide the assurance required by the provisions of the Housing and Community Development Act of 1974, as amended, and the regulations adopted pursuant to such Act.

Section 13:- That the City Manager is further authorized and directed to give to the U.S. Department of Housing and Urban Development (HUD) and the Comptroller General, through any authorized representative, access to and the right to examine all records, books, papers, documents and other materials which are related to the grant funds and is further authorized and directed to do all things necessary and proper to apply for, accept, receive and modify current and prior year grant funds to carry out the program.

Section 14:- That the Council hereby finds and determines that based on current conditions in the municipal bond market, it is in the city's best interest to issue short-term general obligation bonds or notes (the "Short-Term Equipment GOBs") to finance acquiring various items of personal property, including but not limited to computers, ambulances, fire trucks, refuse trucks and other vehicles (the "Equipment") appropriate and necessary for the efficient operation of the city.

"Short-term" means a term to maturity of ten (10) or fewer years. The cost of any new Equipment to be acquired through the issuance of Short-Term Equipment GOBs shall not exceed Six Million Dollars (\$6,000,000).

No Short-Term Equipment GOBs may be issued before the Council provides authorization therefor following notice and a public hearing held under Virginia Code Section 15.2-2606 of the Public Finance Act of 1991.

That, if prior to issuing Short-Term Equipment GOBs to finance all or any portion of the Equipment, the City Manager, in consultation with the Director of Finance, determines that it is advisable to finance the acquisition in an alternative manner, the City Manager, without further approval of Council as to documentation or otherwise (unless otherwise required by law), is hereby authorized to execute and deliver on behalf of the city nongeneral obligation bonds, notes, term loan agreements, a master equipment lease agreement or other similar financing agreement (the "Alternative Short-Term Equipment Financing"), to execute and deliver such instruments, agreements, documents or certificates and to do and perform such things and acts, as the City Manager shall deem necessary or appropriate to carry out the transactions relating to the Alternative Short-Term Equipment Financing authorized by this ordinance, including to solicit and accept proposals to provide Alternative Short-Term Equipment Financing that the City Manager determines to be in the city's best interest and all of the foregoing, previously done or performed by such officers or agents of the city, are hereby in all respects approved, ratified and confirmed.

Should the City Manager determine that it is in the city's best interest to enter into Alternative Short-Term Equipment Financing, the Alternative Short-Term Equipment Financing shall bear interest at a rate not exceeding Six and a Half Percent (6.5%), shall have a final term to maturity not in excess of ten (10) years and shall not exceed Six Million Dollars (\$6,000,000). The obligation of the city to make payments under any Alternative Short-Term Equipment Financing is subject to appropriation each year by the Council and nothing in this ordinance or the Alternative Short-Term Equipment financing shall constitute a debt or pledge of the faith and credit of the city.

The payment of FY 2017 debt service on prior Short-Term Equipment GOBs and any FY 2017 Alternative Short-Term Equipment Financing is part of the Debt Service Appropriation.

This ordinance represents a declaration of "official intent" under Treasury Regulations Section 1.150-2.

Section 15:- That, effective July 1, 2016, a one-time supplement of Three Hundred Eighty Dollars (\$380.00) shall be payable to retirees receiving retirement benefits as of June 30, 2015, with fifteen (15) or more years of creditable service or disability retirement who receive less than Thirty Thousand Dollars (\$30,000.00) in annual retirement benefits and workers' compensation benefits. In the event an eligible retiree dies on or before July 31, 2016, the supplement shall not be paid to the surviving spouse nor dependents. Funds for the supplement are hereby appropriated in the FY 2017 Operating Budget.

Section 16: - That Section 24-309 of the Norfolk City Code, 1979, is hereby amended and reordained so as increase the tax on each cigarette to forty two and five tenths (42.5) mils to read as follows:

Sec. 24-309. Levied; amount.

There is hereby levied and imposed by the city, upon each and every sale of cigarettes, a tax equivalent to forty two and five tenths (42.5) mils per cigarette sold within the city, the amount of such tax to be paid by the seller, if not previously paid, in the manner and at the time provided for in this article. There shall be a penalty for late payment of the tax imposed herein in the amount of ten percent (10%) per month, and interest in the amount of three-quarters of one percent (0.75%) per month, upon any tax found to be overdue and unpaid.

Section 17: - That the Norfolk City Code, 1979, is hereby amended so as to provide for the establishment of technology zones, to establish an area around the Elizabeth River Trail as a technology zone, and to provide business license tax incentives for qualified technology businesses in the technology zone pursuant to § 58.1-3850 of the Code of Virginia, 1950, as amended, by adding a new Chapter to read as follows:

Chapter 45.6 TECHNOLOGY ZONES

Article I. In General.

Sec. 45.6-1. Purpose and intent.

In order to foster the development and location of new technology businesses in the city, which will increase capital investment and create jobs, the Council finds that the establishment of technology zones pursuant to § 58.1-3850 of the Code of Virginia, 1950, as amended, is necessary. This article shall be in effect on and after January 1, 2017.

Sec. 45.6-2. Administration.

This chapter shall be administered by the city manager or designee. Any application required by this chapter shall be on forms approved by the city manager or designee. The city manager or designee shall develop and publish procedures to obtaining the benefits created by this chapter and for the administration of this article. The city manager or designee will review the criteria and incentives for the technology zone program annually to assure alignment with city priorities and economic development strategy and shall make recommendations to council if it is determined that the criteria or incentives should be modified.

Sec. 45.6-3. Burden.

A business applying for the benefits afforded by this chapter shall have the burden of proving qualification, shall apply for certification as a qualified technology business on an annual basis and shall demonstrate annually that it continues to operate as a qualified technology business. No application submitted under this chapter shall be approved if the business is not current in payment of all taxes and fees due the city.

Sec. 45.6-4.**Definitions.**

For purposes of this chapter, the following words and phrases shall have the following meanings, unless indicated to the contrary:

"Definite place of business" means an office or a location at which a regular and continuous course of dealing occurs over a period of thirty (30) consecutive days or more. A definite place of business for a person engaged in business may include a location leased or otherwise obtained from another person.

"New technology business" means a technology business that either (a) establishes its initial definite place of business in the technology zone and thereafter maintains its principal definite place of business within the boundaries of the technology zone or (b) has no definite place of business in the city before establishing a definite place of business in the technology zone and thereafter maintains its principal definite place of business in the technology zone.

"Qualified technology business" is a technology business that (1) is a new technology business within the boundaries of the technology zone as established in this chapter and (2) creates at least five (5) new full-time jobs or makes a capital investment of at least \$200,000 in either (i) tangible personal property or machinery and tools or (ii) real estate improvements used exclusively in such business, or any combination thereof. The new jobs created or capital investment must be located in the technology zone. The full-time job requirement may be met with part-time jobs using a full-time equivalency of forty (40) hours per week.

"Technology business" is a business that derives its gross receipts primarily from the sale, lease, license or provision of innovative or advanced technology based products, processes or services created, designed, developed, produced, manufactured or performed by such business. Products, processes and services shall incorporate or support the use of innovative or advanced

technologies having applications in one or more of the following categories: (1) cybersecurity, personal security and property security; (2) sea level rise and recurrent flooding; (3) medical devices, medical diagnostics, pharmaceuticals, biotechnology, biochemical engineering and other life sciences and health care technologies; (4) advanced materials and advanced manufacturing; (5) computer hardware and software; (6) electronics and instrumentation; (7) photonics and sensors; (8) internet and e-commerce; (9) educational and training technologies, including modeling and simulation; (10) bio-informatics and data analytics; (11) logistics and maritime commerce; (12) information technology, telecommunications and wireless technologies; (13) green technologies, renewable energy research and development, and energy conservation; (14) advanced transportation technologies; and (15) nanotechnology. The use of computers, telecommunications services, or a web page or internet site shall not, in itself, be sufficient to qualify as a technology business.

"Year one" is the calendar year in which a business is certified as a new qualified technology business.

Sec. 45.6-5. Boundaries of technology zones.

The boundaries of the city's technology zones are hereby established as shown on the "technology zone map" attached hereto as Exhibit A. The technology zone map is hereby declared to be a part of this chapter and to have the same force and effect as if they were fully set forth and described herein. The technology zone map shall be kept on file in the city manager's office or designated city department.

Sec. 45.6-6. Technology zone incentives.

Notwithstanding any other provision of the Norfolk City Code and pursuant to § 58.1-3850 of the Code of Virginia, 1950, as amended, any business that is certified by the city manager or designee as a qualified technology business shall be entitled to a reduction of its business,

professional and occupational license tax imposed by Chapter 24, Article II-A of the Norfolk City Code against gross receipts derived from its technology business as follows.

One hundred percent (100%) reduction in year one of operation;

One hundred percent (100%) reduction in year two of operation;

Fifty percent (50%) reduction in year three of operation;

Fifty percent (50%) reduction in year four of operation; and

Fifty percent (50%) reduction in year five of operation.

Sec. 45.6-7. Procedures to obtain technology zone incentives.

It shall be the responsibility of the qualified technology business to apply for certification by the city manager or designee and to obtain the necessary business license and to provide the necessary information in order to obtain the benefits created by this chapter.

To qualify for the tax reduction a business must apply to the city manager or designee to be certified as a qualified technology business. The tax reduction shall begin as of the month of certification of a technology business as a qualified technology business by the city manager or designee. To maintain eligibility for the tax reduction after year one, the business must reapply annually to the city manager or designee to demonstrate that it continues to be a qualified technology business. The tax reduction provided in this section shall apply to a qualified technology business for no more than five (5) calendar years, including any partial initial calendar year.

A business certified to be a qualified technology business must obtain a business license and pay the applicable fee and is subject to the provisions of Norfolk City Code section 24-25.9(b). In order to receive a business professional and occupational license tax reduction under this section, the qualified technology business shall

file a business license application annually with the commissioner of the revenue and shall provide the commissioner with an annual certification from the city manager or designee that the business is a qualified technology business. The amount of gross receipts estimated to be earned from qualified technology business activities shall be set out in the license application and shall be subject to verification by the commissioner of the revenue by audit or inspection of documents. All business license tax reductions are subject to adjustment by the commissioner of the revenue based on actual gross receipts earned from qualifying technology business activities. If a business is certified a qualified technology business prior to payment of its business license tax liability to the city, such tax liability shall be reduced according to the schedule above. If a business is certified a qualified technology business after it has paid its business license tax liability to the city in full, it shall receive a refund, without interest, in accordance with the schedule above. No local taxes or fees may be outstanding at the time of application for the business license and reduction.

If a business ceases to be a qualified technology business during a calendar year in which tax reductions apply, business license taxes shall be payable at one hundred percent (100%) of the tax amount imposed by Chapter 24, Article II-A of the Norfolk City Code from the month the business ceased to be qualified until the end of the calendar year.

The entitlement to any license tax reduction authorized in this section shall be conditioned upon the applicant paying any tax or fee imposed by the city, by the date upon which the tax or fee is due. In the event a qualified technology business is thirty (30) or more days delinquent on any local tax or fee, such business forfeits any entitlement to any tax reduction authorized in this chapter.

Sec. 45.6-8.

Nonwaiver.

Unless stated otherwise herein, nothing in this chapter shall be construed as a waiver of the right of the city to enforce its ordinances, regulations or policies or to collect any taxes, fees, fines, penalties or interest imposed by law on a qualified technology business or upon real or personal property owned or leased by a qualified technology business.

Section 18:- That there is hereby set-aside from the General Fund revenues of up to Five Million Dollars (\$5,000,000) to be the amount by which revenue is reduced for the purpose of providing real estate tax exemptions and deferrals for the elderly and disabled under Chapter 24, Article IV, Division 2 of the Norfolk City Code, 1979, real estate tax exemptions for disabled veterans pursuant to Code of Virginia, Section 58.1-3219.5, and real estate tax exemptions of the principal residences of surviving spouses of members of the armed forces of the United States killed in action, pursuant to Code of Virginia, Section 58.1-3219.9.

The Department of Human Services, as designated by the City Manager, shall administer this program.

Section 19:- That the provisions of this ordinance are hereby declared to be severable. If any part, section provision, sentence, clause or phrase, or the application thereof to any person or circumstance, is adjudged to be unconstitutional or invalid for any reason, the remainder of the ordinance shall remain in full force and effect and its validity shall not be impaired, it being the legislative intent now hereby declared that the ordinance would have been adopted even if such invalid matter had not been included or if such invalid application had not been made.

Section 20:- That this ordinance shall be in effect from and after July 1, 2016.

TECHNOLOGY ZONE

EXHIBIT

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